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TREASURY FOR DFIELDS, AIERONIMO, RHALL, DPETERS
STATE PASS OPIC FOR DERB, ZHAN, MSTUCKART, JEDWARDS
STATE PASS TDA FOR LFITTS, PMARIN
STATE PASS USAID FOR NFREEMAN, GBERTOLIN, GWEYNAND, SLAWAETZ
STATE PASS EXIM FOR JRICHTER, KJACKSON, KJANIK
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SUBJECT: NIGERIA: FIRST CREDIT BUREAU TO LAUNCH APRIL 2009

¶1. (U) Summary: The Central Bank of Nigeria released operational guidelines for credit bureaus in October 2008. Eleven Nigerian commercial banks have invested in Credit Reference Company, arguably the first credit bureau in Nigeria. Low quality data constitutes the biggest hurdle to developing a credit database. End summary.

Credit Bureau to Launch April 2009

¶2. (U) The Central Bank of Nigeria (CBN) released the credit bureau operational guidelines in October 2008, effectively signaling the advent of this much-needed sub-sector in the Nigerian financial system. Credit Reference Company (CRC), owned by a consortium of 11 local banks (United Bank for Africa, First Bank, Union Bank, GT Bank, Access Bank, FCMB, Standard Chartered Bank, Stanbic IBTC, Diamond Bank, and Bank PHB), expects to receive approval from the CBN to start operations in April 2009. CRC is poised to become Nigeria's first and strongest credit bureau given that its 11 shareholding banks cover 65 percent of the banking market. In the pilot phase, CRC will work with customer data provided by the 11 banks to build up an information technology database for consumer histories and reports. The company also plans to work with the Corporate Affairs Commission of Nigeria and the National Identity Card Commission to conduct data verification. Tunde Popoola, Managing Director of CRC, told EconOffs November 13 that other institutions have expressed interest in setting up sector-specific credit bureaus.

CRC to Expand Access to Consumer Loans

¶3. (U) Popoola speculated that only around 10 percent of deposit account holders currently have access to bank loans. There is a growing need for consumer loans to finance car purchases and mortgages, he said. Moreover, the introduction of credit bureaus would raise the standard for record keeping and data collection quality and engender a culture of long-term, financial planning among the population expected to take advantage of loans.

Low Quality Data as Biggest Hurdle

¶4. (U) Popoola said missing personal identification information as well as incomplete and inaccurate customer data are major impediments to developing Nigeria's first credit database. According to Popoola, eight of CRC's 11 member banks are providing CRC with data and information on their banking customers; however, the quality of the data is extremely low. Given the fierce competition for deposits among the banks, bankers are lax about obtaining the necessary identifying documents, information, and data

from clients wishing to open a new account or to make a deposit.
Only when giving loans are the banks more stringent in their
requirements for proper documents and information.

15. (U) This cable has been cleared by Embassy Abuja.
Blair